

Vermont State Teachers' Retirement System

Volume 3, Issue 4

November 2004

DIRECTOR'S CORNER

IMPORTANT TAX WITHHOLDING INFORMATION

It is getting to be that time of year again when we need to make sure our tax withholding information has been updated to reflect our current financial picture.

Effective January 1st of each year, new tax tables are implemented, based on changes in state and federal tax laws. Since the majority of your retirement benefits are subject to federal and state taxes, don't forget to periodically review your tax withholding information. If your tax withholding is not adequate, you may have to pay estimated taxes during the year or a tax penalty at the year's end. You may elect no withholdings, or specify withholdings based on marital status and allowance. You may have Vermont state taxes withheld from your retirement benefit, but we cannot withhold taxes for another state.

I want to take this opportunity to remind everyone that Vermont moved to tax tables for 2004 and those tables will be updated for the 2005 tax year. Additionally, federal IRS tax laws no longer permit taxpayers to withhold an absolute

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Retirement—It's where the action is!

Have you been to our office lately? Things may not look any different, but they are. In addition to adding **Michael Clasen** to the staff as Deputy Director of Retirement Operations, we've done some other re-organizing. Michael has 11 years of service and comes to us most recently from the State Auditor's Office where he served as the Deputy State Auditor, and prior to that spent some time in Finance & Management and the Department of Aging & Disabilities. We're confident that with his "attention to detail" we've gained an asset, and are feeling very

fortunate that he agreed to join us.

One of our goals is to serve you, our customer. So after some thoughtful consideration and the recommendations of a consultant who evaluated the way we do business, and with Michael's help, we've divided the retirement office services into three sections: employer services, employee/retiree services, and accounting services. We believe with this new focus on providing the service you expect, we will be more efficient and more responsive to your needs.



We've also installed a new telephone system which offers the caller a short list of options to choose from. This move was to better direct callers to where they want to be rather than having to be transferred unnecessarily. Feel free to let us know what you think.

STRAIGHT FROM THE BOOK

Straight From the Book will be a series of informational articles regarding your retirement benefits. The information will come straight from your retirement system's handbook, and is available to you in its entirety on the Web at www.vermonttreasurer.gov. For further information or clarification about any of the topics in the series, or what you read on the Web, please contact the Retirement Office at 802-828-2305 or 1-800-642-3191, toll-free within Vermont.

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Open Enrollment Reminder

The next open enrollment period to obtain health care coverage for yourself and/or your dependents or to change medical plans is right around the corner. During the months of **January and February**, you may elect to participate in one of the three medical plans offered through the Vermont State Teachers' Retirement System, or, if you already have coverage, may add eligible dependents. A dependent is defined as a spouse, civil union partner, or domestic partner, a child under the age of 18, or a child under the age of 25 if still an unmarried, full-time student. Under special circumstances, other individuals may be considered dependents, providing you are eligible to claim them on

your income tax returns.

If you are interested in obtaining medical coverage, changing plans, or adding dependent(s), please call the Retirement Office at your earliest convenience for the appropriate forms. Applications must be received no later than the 15th of December for an effective date of January 1, 2005, and no later than the 15th of January for an effective date of February 1, 2005.

PLEASE NOTE: You may not change plans during this open enrollment period if you have changed plans within the past twelve (12) months. You may change plans during the July and August annual open enrollment period. For questions or

January 1 Pension Increase

Effective January 1, the following annual cost-of-living increase will be added to qualified retiree checks.

Group A members must be retired a full twelve months to receive an annual increase.

Group C members must have retired with a minimum of 30 years, or age 62 to receive the increase after twelve full months of retirement.

Group A = **3.30%**

Group C = **1.65%**

If you have any questions, please call the retirement office.

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amount from their pension income. I encourage you to review your tax status and make any necessary changes if you are currently having an absolute amount withheld. I suggest you contact your accountant or tax advisor with any questions regarding your tax status as the Retirement Office cannot provide tax advice to our members.

If you would like to start, change, or stop your Federal or State tax withholding, please contact our office for the appropriate withholding forms by calling 802-828-2305, or 1-800-642-3191 toll-free within Vermont.

The forms can also be accessed via the Internet at the following Web sites: State of Vermont Tax Forms - <http://www.state.vt.us/tax/2004withholding.htm>, and Federal IRS Tax Forms - <http://www.irs.ustreas.gov/formspubs/index.html>.

Project Gratitude

It seems that nearly everyone knows someone who has been sent far from home to fight for and protect freedom. We think the men and women doing that job need and deserve our support.

The employees and administration of the Vermont State Treasurer's Office are touched by the sacrifices made on our behalf, so we decided to initiate our

own "Project Gratitude" last June. Five boxes filled with items including flea collars, foot powder, gum, batteries, and even a couple of water pistols were sent to members of the Vermont National Guard stationed in Iraq. The boxes were planned to arrive on July 4th. It was a small gesture of appreciation from us and it gave our small group of 34 co-workers a sense of great pride and satisfaction knowing these items could bring some pleasure and comfort to our fellow Vermonters, so far away.

As you read this article we have launched our second "Project Gratitude" campaign for a Christmas delivery. In addition to our traditional holiday celebrations, we'll be sending gifts and items to service men and women who can't be home for the holidays.

Our hope is that our gifts, greeting cards, and notes make someone far away feel a little bit closer to home.



STRAIGHT FROM THE BOOK

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ANNUAL STATEMENT OF BENEFITS

Each Fall, a computer printed statement is mailed to active members of the system. These statements should be checked over carefully to verify if we have accurate information on the member's account, i.e., date of membership, beneficiary, address, etc. The statement date is as of June 30 of the year sent. The first annual statement would be mailed to a new member in the Fall after completion of a full fiscal year of earnings (July 1 - June 30).

The first paragraph explains what a member would receive if he/she continues working to normal retirement age. The second paragraph explains what a member has earned to date and what a member would receive if he/she were to terminate their job immediately. The statement is calculated based on current salary. All the figures are annual amounts. The third paragraph shows what the member's contributions are to date and the interest that has accrued. This paragraph also shows who is designated as primary beneficiary, or if a beneficiary isn't named, ESTATE will appear. If members have questions regarding the annual statement, they should call our office. It is also very important that addresses are kept up-to-date with the office so that this and other mailings will reach all members.

ADDRESS CHANGES

If you have retired and your address changes, please let us know in writing as we cannot accept an address change over the phone. We need your signature to change your address in our records. This requirement is meant to protect you. Please notify us of any

address change during 2004 before the end of the year. In January, we will send your tax form to the address that we have. If your address is wrong, you will not receive this tax form.



RETIREMENT PLANNING

If you are planning on retiring within the next year, please call the Retirement Office to set up a counseling session with one of the System's very capable Retirement Specialists.

Laurie Lanphear and Kristine Boswell are extremely knowledgeable and can help answer your questions regarding topics including benefits, health insurance, and direct deposit, to name a few.

Pre-retirement seminars are offered upon the request of a school or district and are a useful way to start thinking about the transition from your working career to the career of retirement. If you and your colleagues would be interested in a seminar for your school or district, a call to our office from your coordinator is enough to get started.

238 TEACHERS RETIRE JULY 1, 2004

The retirement office was very busy during the month of July. In addition to 19 state employees and 24 municipal employees, the four retirement specialists, accountant, and remaining six staff members managed to process 238 July 1st teacher retirements.

This year's group of "happy campers" is included in the system's June 30, 2004, valuation, bringing the total number of retirees to 4,386.

This year's group had an amazing accumulated total of 6,238.78 years of teaching service. Top honors go to Marjorie C. Adams of Bellows Falls with 44.116 years followed by Gailen B. Jette of Middlebury with 40.45 years.

Congratulations—one and all!

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The Vermont Retired Teachers' Association would like to hear from you. For general information and how to become a member, contact Rita Rinehart at 802-459-2788.

FYI: Jay Kaplan was reappointed by the VRTA as your representative to the Board of Trustees. His re-appointment term expires September 2008.

DID YOU KNOW...

*"Henry Lewis, a professional pool
player in the 1920s,
dropped 46 balls in a row
using his nose as a pool cue!"*

TREASURER'S MISSION

We Strive to:

Be the best treasury in the USA;

Offer the best customer service
possible;

Do our part to make this office a
great place to work;

Give Vermont taxpayers an
excellent value.

A Message from Joe Mackey, VSTRS Board Chairman

Someday the under-funding of the Vermont State Teachers' Retirement System (VSTRS) will be a problem. **That day is upon us!** In 22 of the last 26 years, governors and legislators have not fully funded the VSTRS. In fiscal year 2003, the actuarially required contribution was 28 million dollars, but only \$20.4 million was requested by the Governor and funded by the legislature. In 2004, the actuarial request was for \$43 million, but only \$24.4 million dollars was funded. The gap between what the State should pay and what it is paying is bigger than ever before and the cumulative unfunded liability is now approximately \$140 million.

The VSTRS is a good system, but, as with all systems, its rules must be followed if it is going to work. VSTRS has been among the best investment performers in the country, but that cannot overcome this pattern of under-funding. Teachers have been making their contributions every year. The State should, too. **Please contact your legislators and request that they act responsibly, not only for teachers, but for the taxpayers of Vermont, too.**

Joe Mackey
Chair, VSTRS

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